

Freight Railroad's Place in the Transportation Network Solutions for Infrastructure Needs

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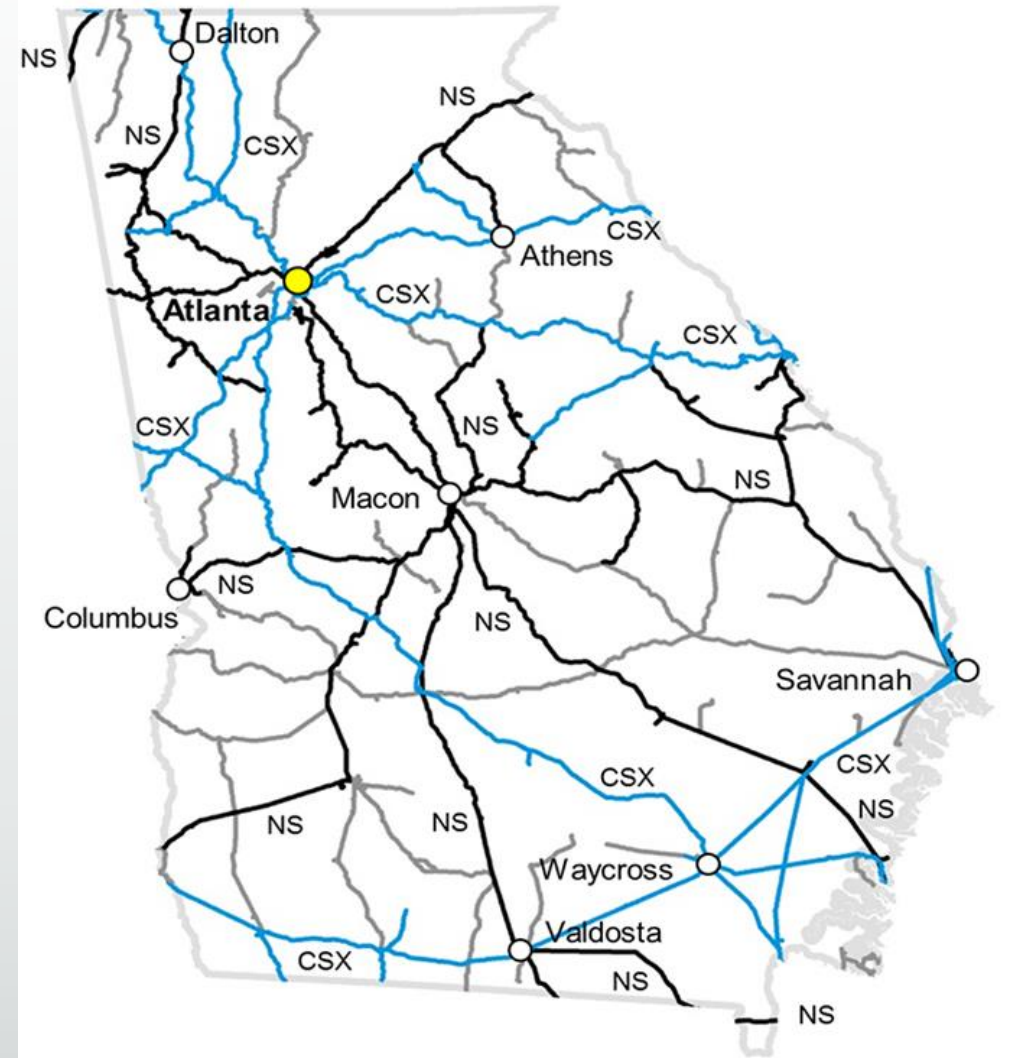
Presentation Outline

- Georgia Freight Rail Overview
- Public Infrastructure Needs
 - State Owned RR Lines/ Public Projects
 - SB 89- Georgia Freight Rail Program
- Private Infrastructure Reinvestment
 - Replicating a Federal Program That Works
- Recap

Georgia Freight Rail System

- 31 Freight Railroads
- Georgia Track Miles:

Class I's (2):	3,335
Short Lines (29):	<u>1,362</u>
Total Track Miles:	4,697
- 490 miles owned by GDOT
- Short Lines are crucial to rural Georgia
- Class I facilities at Savannah and Brunswick ports
- Freight Rail is key to health of overall transportation network



Georgia Freight Rail System

- **Major Commodities**

- Agricultural and food products, sand, pulp/paper, coal, and intermodal

- **Annual Volume:**

- 3.9 million carloads handled/year
 - \$203.2 billion in annual value (Avg. \$1,074/ton)
 - 187.4 million tons freight/year
 - But only 18% of domestic port shipments are on rail
- **By 2030, overall freight and logistics traffic will increase by 35%**
- **How do we better use rail to improve the transportation network?**

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Georgia Freight Rail Needs Assessment	Cost in Millions
<u>Freight and Safety Improvements</u>	
<u>Short-Range Projects (2016-2019)</u>	
GDOT owned short line track and structure improvements	\$ 37.8
Grade crossing safety improvements	\$ 36.0
Needs analysis, rail capacity and economic impact studies	\$ 4.0
Short-Range Subtotal	\$ 77.8
<u>Long-Range Projects and Studies (2020-2045)</u>	
Atlanta regional rail capacity solution engineering and design	\$ 5.0
Specifically identified short line infrastructure projects	\$ 218.1
Ongoing maintenance GDOT owned short line railroads (lump sum)	\$ 877.8
Grade crossing safety improvement program (lump sum)	\$ 189.0
Long-Range Subtotal	\$ 1,289.9
Rail Program Freight and Safety Improvement Totals	\$ 1,367.7
Average Annual Amount Per Year (25 years)	\$ 54.7

** Source - 2015 Georgia Freight Rail Plan*

286,000-lb Railcar Capacity

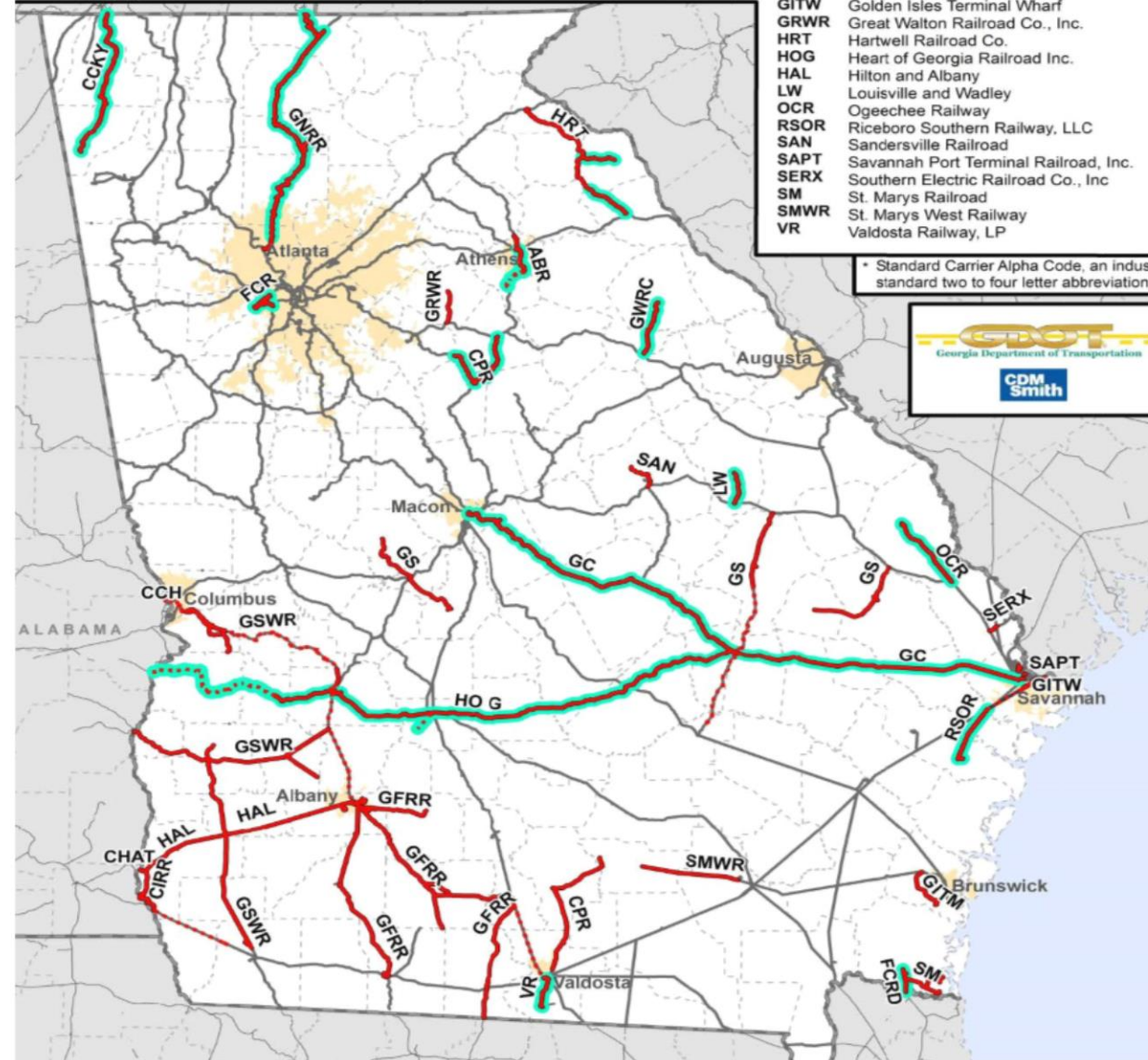
- Industry standard railcar weight for bulk commodities (grain, lumber, coal, etc.) **“286K”**
- 50% of short line miles are not 286K capable!
- Huge disadvantage if not able to handle 286K
- Where are there 286K issues in Georgia?
 - CSX: Cartersville Subdivision
 - NS: Moores Subdivision; Dublin Subdivision
 - Short lines in Georgia

SCAC*	Railroad
ABR	The Athens Line, LLC
CPR	CaterParrott Railnet, LLC
CHAT	Chattahoochee Bay Railroad
CIRR	Chattahoochee Industrial Railroad
CCKY	Chattooga and Chickamauga Railway Co.

SCAC*	Railroad
CCH	Columbus & Chattahoochee
FCRD	First Coast Railroad
FCR	Fulton County Railway, LLC
GFRR	Georgia and Florida Railway, LLC
GC	Georgia Central Railway, LP

SCAC*	Railroad
GNRR	Georgia Northeastern Railroad Co., Inc.
GS	Georgia Southern Railway
GSWR	Georgia Southwestern Railroad, Inc.
GWRC	Georgia Woodlands Railroad, LLC
GITW	Golden Isles Terminal Railroad Inc.
GITW	Golden Isles Terminal Wharf
GRWR	Great Walton Railroad Co., Inc.
HRT	Hartwell Railroad Co.
HOG	Heart of Georgia Railroad Inc.
HAL	Hilton and Albany
LW	Louisville and Wadley
OCR	Ogeechee Railway
RSOR	Riceboro Southern Railway, LLC
SAN	Sandersville Railroad
SAPT	Savannah Port Terminal Railroad, Inc.
SERX	Southern Electric Railroad Co., Inc.
SM	St. Marys Railroad
SMWR	St. Marys West Railway
VR	Valdosta Railway, LP

* Standard Carrier Alpha Code, an industry standard two to four letter abbreviation



Senate Bill 89-Public Funding Solution

- ▶ In 2015 GDOT published the State Rail Plan that sets forth detailed lists of Short Range and Long Range Projects that have been identified as bringing public benefit.
- ▶ Projects are located all over the state and illustrate the need for more state funding for freight rail projects.
- ▶ SB 89: Creates Georgia Freight Rail Program.
- ▶ Unanimously passed the Senate in 2017 and is currently in House Transportation Committee.
- ▶ The program would be subject to general appropriations and would have no effect on HB 170 funding or projects.
- ▶ GDOT would create the necessary rules to operate the program, and all projects are required to have a public benefit.

Tax Credit Proposal- Private Funding Solution

- Modeled after the 45G Federal Tax Credit Program
- 50% tax credit for eligible track expenditures
- Tax credit amount capped at \$3,500/mile track mile in Georgia
- Example for 100 mile railroad:
 - $100 \text{ miles} \times \$3,500 = \text{maximum tax credit of } \$350,000$
 - Railroad must spend \$700,000 or more to generate tax credit
- Tax credit could be claimed or assigned to another Georgia taxpayer
- Estimated annual cost? Depends on your assumptions...
 - $1,600 \text{ short line miles} \times \$3,500/\text{mile} = \$5.6 \text{ million annual cost}$
 - Annual cost assumes \$11.2 million in additional railroad investment
 - Class I Railroad provision for rural infrastructure investment
- Tax credit is a private sector solution to Georgia's rail shipper needs

Recap

- Freight rail is key to the health of the overall transportation network.
- Significant public and private reinvestment is required to support freight rail.
- SB 89 and the tax credit proposal address these investment needs.
- These are legislative priorities for Georgia Railroad Association for the 2018 General Assembly.
- SB 89 provides a statutory program that allows GDOT to prioritize public investment in a strategic manner that maximizes the public benefit of the investments.
- Tax credit model is a proven solution that drives private reinvestment
 - Not a handout; private investment required to generate tax credit
 - Investments prioritized based on market demand
- GRA looks forward to doing our share to address the transportation needs of our state.